



Cincinnati's Angel Capital Hub

www.c-cap.net

2006 Annual Operating Report

January 2007

Achievements

THIRTEEN INVESTMENTS ARE FUNDED – a New Record

Queen City Angels' second \$1,500,000 Pre-Seed Fund Starts Investing

Queen City Angels have invested over \$10,000,000 since 2000, and sparked over \$10,000,000 of co-investments

May 2006 Entrepreneur Boot Camp Trains 37 Entrepreneurs

NEW ACTIVITIES in 2006:

Monthly Mentoring Mornings Assist 26 Entrepreneurs

Monthly Regional Entrepreneur Forums are created by C-Cap and the local business incubators.

Many thanks to our Sponsors and the many people whose time and commitment are indispensable to our success, including our mentors, speakers and friends.

- *Jim Cunningham*, Executive Director of C-Cap

Thirteen Deals Completed

The Queen City Angels investment group and the QCA First Funds, members of the C-Cap angel investor network, made 13 investments in the past year.

- **Charles H. Mack & Associates.** A further round of financing was provided to this local company, which develops and markets world-class patient case management software for the healthcare industry. The company is using some of these new resources to expand further into providing software for state and local government use, particularly for Medicare applications, where efficiency and cost-savings are becoming ever more critical. Important additional investment has come from the Tri-State Growth Capital Fund I L.P. managed by Fort Washington Capital Partners. www.chmack.com.
- **SealPak Innovations, Ltd.** QCA investors funded this company, which makes a simple device, ShurTrax™, which improves traction for pick-up trucks and cars in bad weather.

The Ohio TechAngel Fund in Columbus and several Toledo investors co-invested in the deal. A follow-on round was completed in May 2006. The company has successfully outsourced its manufacturing, and is focused on expanding its distribution for the coming season. www.sealpakinnovations.com.

- **Five Star Technologies** has developed a unique patented method for producing nanomaterials, the ultra-small particles useful in many industrial processes. QCA members have been investors in five-star since 2000. Five Star received a further round of financing in early 2006. www.fivestartech.com.
- **Cardiac Power.** Cardiac Power, Inc. has developed and patented a heart assist technology to treat congestive heart failure (CHF) and has developed a heart-assist device, RePower,TM which is an alternative to heart transplants, ventricular assist devices and artificial hearts to pump blood without touching blood.
- **Tradicom.** The QCA First Fund invested in this concept-stage company that is developing next-generation interactive vending machines. The investment is being used to develop the Company's first prototype.
- **SearchDaddy.** This startup is using a pre-seed investment by the QCA First Fund to roll out its customer-friendly search engine optimization program for local retailers, supported by the Company's proprietary algorithms developed over several years. Paul Darwish, a serial Cincinnati entrepreneur, is CEO of SearchDaddy. www.searchdaddy.com.
- **AssureRx.** Using technology developed and proven at Cincinnati Children's Hospital, AssureRx will provide a diagnostic test to physicians. By analyzing the patient's DNA and medical history, the test will enable them to drastically reduce the trial and error currently used to select the type and dosage of drugs that they prescribe for patient.
- **Nextumi.** Nextumi is developing an easy-to-use set of tools that are controlled by the user to enhance his/her Web experience. By identifying a user's long-term preferences, current interests, and immediate needs, and by comparing them with those of other consumers, Nextumi makes a user's Internet experience more relevant, resulting in more rapid and more precise matches to exactly the content, contacts, and commercial opportunities necessary. www.nextumi.com.
- **RhinoCyte.** RhinoCyte is developing diagnostic tools and therapies for the stem cell treatment of multiple degenerative and traumatic neurological diseases, using cells from the patient's own nasal cavity, eliminating the need for immunosuppressive therapy. This process could eventually be used to treat conditions such as Parkinson's disease, multiple sclerosis, Alzheimer's disease and spinal cord injuries.
- **Perseverance Group.** Perseverance Group is a local startup firm that is creating an online network to help universities retain students by engaging their alumni networks.

- **Minimally Invasive Devices LLC.** This Ohio company is developing special-purpose medical instrumentation to enable surgeons to perform complex laparoscopic, or minimally invasive, surgical procedures. The Queen City Angels co-invested in this deal with the OhioTechAngels investment group of Columbus, Ohio.
- **Spine Form LLC.** This medical device company has emerged from breakthrough research in treating scoliosis at Cincinnati Children's Hospital Medical Center. Its HemiBridge™ product is a minimally invasive treatment for scoliosis, without the need for spinal fusion.
- **Alta Charity Investments.** QCA First Fund 2 made its first investment in this local web-based financial services business that specializes in aggregating charitable donations online and investing them in high return investment funds. www.altacharityinvestments.com.

Queen City Angels Funds its Second \$1,500,000 Technology Validation Fund

QCA has now activated its second seed-stage fund, to make small investments in the earliest stage companies, and has begun investing. This financing has been the Missing Link in financing for many entrepreneurial startups. *The original First Fund has invested in 9 companies.*

National Press Focuses on Queen City Angels

Fortune Small Business Magazine published an interview with Tony Shipley, Chairman of Queen City Angels, in its June 2006 article on angel investing throughout the United States. The article recognized that QCA's strength lies in the large number of successful entrepreneurs in its ranks.

Mentoring Mornings: Experienced Advisors Help Growth Companies

C-Cap and the *Hamilton County Business Center* incubator have combined their resources to introduce promising growth companies to their network of mentors. We bring experienced entrepreneurs, investors and professionals to provide free mentoring to four companies a month at our monthly Mentoring Morning sessions. Sixteen companies have participated so far in 2006. Queen City Angels investors are joined by local professional advisors and other entrepreneurs who give practical advice to these companies. For many companies, this is their first chance to learn about C-Cap and QCA, and the full range of support services for growth companies.

Events and Programs

C-Cap continued its successful educational programs and its series of Mentoring Meetings to advise entrepreneurs and bring them into the C-Cap Network.

Entrepreneur Boot Camp – The May 2006 Boot Camp was another success, with a capacity crowd of 37 entrepreneurs. Local experts, successful entrepreneurs and C-Cap sponsors gave tips on the many things essential to success as an entrepreneur. More than thirty Queen City Angels investors, venture capitalists, professionals and entrepreneurs participated in our unique “breakout sessions” to meet with entrepreneurs individually, hear their stories and give targeted

advice. **C-Cap training programs have trained over 220 entrepreneurs and more than 60 investors since 2001. The 2007 Boot Camp will be on May 8 & 9.**

CEO Forum – In April 2006 C-Cap and The Circuit, its parent, held their annual evening event for senior executives at the Kenwood Country Club, where sponsors of C-Cap and The Circuit meet the Queen City Angels investors and the chief executive officers of local technology companies. Bob Coy, the new President of CincyTechUSA, was our keynote speaker at this event. **The 2007 CEO Forum is on Thursday, April 26.**

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